



CALIFORNIA VETERANS BOARD

MINUTES OF SELECT COMMITTEES MEETING #648

Friday, August 2, 2002 -- 2:00 P.M.

VFW Post 9650, Anderson



OPENING COMMENTS/ INTRODUCTIONS:

The California Veterans Board (CVB) informal public meeting was called to order at 2:00 PM. California Veterans Board members present included Chairman George Sinopoli (Fresno), Vice Chairman Edward Feldman (Westlake Village), Members Jerry Basconcillo (Delano), Judy Gaze (San Diego), Larry Lattman (California Veterans Home in Yountville) and Leo Burke (Stockton). CVB Executive Officer Earl Steck was also present.

Chairman Sinopoli asked Leo Simon, Department Commander AmVets, Post 1996, to lead the Pledge of Allegiance, after which he explained that the meeting on Friday afternoon is an informal meeting and members of the audience are invited to ask questions.

Chairman Sinopoli introduced the members of the Board; the Executive Officer, Earl Steck; Joe Maguire, Legal Counsel to the Board; and Tom Kraus, Undersecretary of Veterans Affairs. Mr. Kraus introduced members of his staff including Glen Halsey, Chief of Veterans Services Division; Jerry Hansen, Inspector General; George Andries, Deputy Secretary, Veterans Homes; John Hanretty, Chief of Finance Division; and Debra Lehr and Glen Rimbey, representing the Farm and Home Purchases Division. Members of the audience introduced themselves.

Chairman Sinopoli thanked everyone for attending. He then asked Mr. Andries to make his report to the Board since he would not be in attendance at the meeting on Saturday.

Mr. Andries reported on the four bills presently in the Legislature relating to the proposed new veterans homes in California, as well as existing veterans homes. AB 2559 (Wesson) would continuously appropriate moneys in the Veterans' Home Fund in an amount not to exceed \$31 million to meet state funding requirements for homes to be located in Lancaster, Saticoy and West Los Angeles. AB 2953 (Wiggins) would continuously appropriate from the Veterans' Home Fund an amount not to exceed \$15 million for renovation at the Veterans Home in Yountville. SB 1234 (Johannessen) would authorize the State Public Works Board to issue lease-revenue bonds, notes or bond anticipation notes for finance the acquisition, design, construction, renovation or expansion of veterans homes at Yountville, Barstow, Chula Vista, Lancaster, Saticoy, West Los Angeles, Fresno County and Shasta County. SB 1773 (Chesbro) would continuously appropriate an amount not to exceed \$15 million for renovation of the home at Yountville and would appropriate matching federal funds for related purposes. All these bills contain urgency clauses, meaning they will take effective as soon as they are signed by Governor

Davis. The urgency is that the department must meet a deadline date of August 15, 2002, to submit necessary documentation to the federal government to receive matching funds. Governor Davis has indicated he will sign the bills when they are submitted by the Legislature.

Board Member Gaze asked about the process after the legislation is signed by the Governor and when groundbreaking for the new homes might be expected. Mr. Andries replied that it would be dependent upon actions by the federal government. The new federal budget is scheduled to be effective in October after which projects must be identified and money allocated. Board Member Feldman asked for a flow sheet showing the time lines and progress on the various projects and Mr. Andries said his office would provide that.

SELECT COMMITTEES REPORTS:

Annual Report – Jerry Basconcillo, Chair: The annual report of Board activities to be submitted to the Governor on October 1 was reviewed by members and is now at the second draft stage.

Contract Review - Jerry Basconcillo, Chair: There is one contract under review concerning maintenance at the Veterans Home in Yountville.

Policy and Procedures – Edward Feldman Chair: There will be a meeting in Sacramento in September to prepare a final draft of the Board's Policy Manual. When completed, it will provide a basic outline of how programs within the department operate.

Veterans Homes - Larry Lattman, Chair: Mr. Lattman said there had been minor problems in transferring members from one hall to another so that renovations could be commenced. People in wheelchairs had to be moved to a one-story building and family members of some of the veterans expressed concerns. After a visit to the new facility, there appear to be no further concerns.

Veterans Services - Jerry Basconcillo, Chair: At this point, Chairman Sinopoli appointed Jerry Basconcillo and Ed Feldman to review and make recommendations on the college tuition/fee waiver program and to work with Joe Maguire and Glen Halsey and report back in 30 days. He said he was concerned that too many young people were being turned down for this program. He said he would also like to see the veterans organizations get involved in this matter.

Member Basconcillo asked Glen Halsey to report on Veterans Services Division. He said the DMV license plate program is going well. Some new programs are being considered and the department is working with the County Veterans Services Offices. He said through the efforts of the CVSOs, benefits to veterans had increased \$150 million over the past year. The Veterans Services staff is attending and supporting the nine Stand Downs throughout the state. The department is contributing \$5,000 to each Stand Down. He said information is available at the website at www.cdva.ca.gov.

Legislation – Leo Burke, Chair: Mr. Burke recognized Senator Maurice Johannessen and expressed the Board's appreciation for the bills he has sponsored on behalf of veterans and for his support of veterans' programs in California. Mr. Burke summarized the bills upon which the Board would take action at its formal meeting on Saturday, August 3. The bills were AB 612 (Mountjoy), AB 1965 (Bogh), AB 2428 (Correa), AB 2508 (Dickerson), ACR 221 (Nakano), ACR 233 (Bogh), AJR 50 (Dickerson), SB 569 (Morrow), SB 1251 (Johannessen), and SB 1470 (Johannessen).

Farm and Home - Judy Gaze, Chair: Ms. Gaze said the Division was ready to report on the choice of the company that will provide life and disability insurance coverage for the Cal-Vet loan

program. She reported that some Cal-Vet interest rates had been reduced effective August 1, 2002. The interest rate on general obligation bond loans was reduced from 5.9% to 5.5% and the rate on “unrestricted funds” was reduced from 6.5% to 6.0%. The interest rate on revenue bond loans will remain at 5.8%.

Chairman Sinopoli asked that the report on the life and disability insurance program be given at this time.

Ms. Gaze said negotiations have been proceeding on the new life and disability insurance program for the past several months. She turned the presentation over to Glen Rimbey, Manager of the Home Protection Unit, Division of Farm and Home Purchases.

Mr. Rimbey said he first wanted to acknowledge the contributions of Ralph Mauer, Manager, Office of Risk and Insurance Managements, Department of General Services; and Bud Griffen, President, Warren, McVeigh & Griffin, Inc., Risk Management Consultants. He said this was a joint project with Department of General Services, Risk Management Consultants, Department of Veterans Affairs and the California Veterans Board.

The department approached the Board about a year ago for their approval to issue a Request For Proposal (RFP) for an improved life and disability insurance contract. Prior to 1996, the program was self-funded and was losing a great deal of money. The stability and solvency of the Cal-Vet loan program was at risk. In June 1996, the program was transferred to a fully insured basis, except for those Cal-Vet loan holders who were receiving disability benefits at the time. They were retained in the self-insured program and that program remains in force only for that group, which had about 1,700 contract holders in 1996, but has only 600 remaining at this time. The reduced number in the program resulted from loans paid off either by disability payments or life insurance or veterans who recovered from their disability and are now in the fully insured program or whose loans were paid in full in another manner.

The first RFP was issued in 1997, seeking to improve the fully insured program then in effect. The contract term for the improved program started in February 1998 and is actuarially sound. The contract expires January 31, 2003, and the new program from the current RFP will start on February 1, 2003.

There are three groups of Cal-Vet loan holders in the fully insured program. Plan 1 consists of loans secured prior to June 1, 1996, who were not receiving disability benefits when the plan went into effect. There are 20,000 loan holders in this plan, which provides life and disability coverage that is mandatory under the Cal-Vet program. Plan 2 consists of loans secured on or after February 1, 1998. The basic life insurance in this plan is mandatory, but it also provides optional life, spousal life and disability coverage on a voluntary basis. There are 8,500 loan holders in this group. Plan 3 is a group of 265 loan holders who received their loans prior to February 1, 1998, when the present contract went into effect, but after the previous program had been discontinued for new applicants. All coverage for this group is voluntary.

The RFP requirements for the new program were that the insurers be rated A or better by A.M. Best, have a minimum of \$100 million in policyholder’s surplus and be licensed to do business in California. A survey of interest was sent to 126 insurers in April 2001. In June 2001, the draft RFPs were sent to 11 qualified insurers who had expressed their interest in the program. In October 2001, separate oral interviews were held with 4 insurers. In December 2001, final RFPs were sent to 8 insurers who were still interested.

In March 2002, the department received two competitive bids from The Standard Company (Standard) and Pacific Life and Annuity (PLA). PLA is the present insurer for the program.

The goals as expressed in the RFP were to improve disability coverage for the 20,000 loan holders in Plan 1, to have guaranteed rates over a 5-year period, have experience rating and use of a rate stabilization fund, have a long-term partnership with a stable insurer, improve the rate of return on reserves, have attractive voluntary coverages to help stabilize the program and have improved administrative efficiency and integration with CDVA systems.

There is presently \$3.8 million in the Rate Stabilization Fund (RSF). In February 1998, there was no money in the RSF. This is a very important part of this program. **(Get explanation from Glen)** Of the two insurers given final consideration, Standard will charge 17.13% of premiums collected and PLA will charge 20.3% of premiums collected. Considering a \$4 million deposit in a RSF within 24 months of the new program inception, this equates to a \$300,000 per year operating savings with Standard.

For the administrative costs for the self-insured program, those 600 participants who were covered by disability prior to June 1, 1996, Pacific Life will charge an estimated \$7,500 per month, plus additional costs. Standard will charge an estimated \$4,800 per month based on their fixed cost estimate of \$8 per file, which includes all administrative expenses.

For the current Plan 1 participants, both companies propose a mandatory disability program. The PLA proposes a 90-day waiting period, a benefit period of 2 years for both sickness and accident, a maximum of 8 years of additional benefits for veterans who cannot perform at least 2 activities of daily living with no additional premium costs to the participants.

Standard proposes to offer participants three options. Option 1 is a 90-day waiting period, 2 years coverage for sickness, 5 years coverage for accident, life-of-loan benefit if the participants cannot perform 2 activities of daily living, the claimant can qualify for the life-of-loan benefit within five years of the termination of the 2-year sickness or 5-year accident benefit if they are unable to perform 2 activities of daily living, and there would be no additional premium cost to participants. Option 2 has a 90-day waiting period, participants may buy-up to full life-of-loan benefit, which is similar to the pre-1996 benefit at a rate 1.8 times the current disability premium. The average disability premium is now \$17.57 per month and the average premium under this plan would be \$31.63 per month. Option 3 would have a 365-day waiting period, a life-of-loan maximum benefit period similar to pre-1996 at no additional premium cost to participants.

To manage the self-insured reserve fund that current has about \$10 million, Standard proposes a cost of 35 basis points and PLA proposes a cost of 50 basis points.

Comparing the two companies, for the self-insured program, PLA proposes administrative costs of \$222,653 per year and investment charges of 50 basis points. Standard's administrative costs would be \$76,600 per year with investment charges of 35 basis points. Under the insured programs, both companies propose no changes in premiums except for the optional life-of-loan upgrade offered by Standard. PLA proposes 20.3% retention compared to 17.13% for Standard, 3% payment on life insurance reserves and 3.75% on the rate stabilization fund compared to 5% on both proposed by Standard. Life coverages would stay the same with both companies. PLA offers only one option under the disability coverage with extensions of the benefit period and Standard offers three options, all of which have superior benefits.

This is a very complicated program and the explanation of the coverages have been kept as simple as possible in this presentation. The Evaluation Committee has studied the proposals of The Standard Company and Pacific Life and Annuity very carefully.

The Evaluation Committee is comprised of Robert Conover, Senator Life Actuary, Department of Insurance; Ralph Mauer, Manager, Office of Risk and Insurance Management, Department of General Services; Leo Burke, Member of the California Veterans Board; Pedro Carrillo, Past Member of the California Veterans Board; George Flores, Chief of the Farm and Home Purchases Division; and Debra Lehr, Farm and Home Headquarters Operations Manager.

The Evaluation Committee has unanimously recommended awarding the contract for the Cal-Vet life and disability coverage to The Standard Company based upon their lower retention charge (17.13% vs. 20.3%); superior benefits in the disability programs; the optional programs offered; lower administrative fees for the self-insured program; higher rates of return on CDVA reserves; lower investment charges; and online access for Cal-Vet staff to track claims, underwriting and coverages. As a point of information, Standard provides coverage for the California State University System, California State Assembly, the cities of Los Angeles and San Jose; the states of Oregon and Washington; and the Oregon Department of Veterans Affairs. It is believed that this contract will solve one of the biggest problems in the present contract, which is the 2-year benefit period per disability. Mr. Rimbey said he is very pleased with the coverage offered by The Standard Company and pleased to present the Committee's recommendation to the Board.

There was some discussion about the cut-off date of the disability coverage at age 65. Board Member Gaze commented that disability insurance is intended to assist a person in making a mortgage payment when he or she is unable to work. Many people are no longer working at age 65 and it seems to be a reasonable cut-off date. In answer to a question from the audience, Mr. Rimbey said no other veterans' mortgage program offers disability insurance coverage. David Grafft, from Senator Johannessen's office, asked how the self-insured group was being paid. Mr. Rimbey replied that the \$10 million in the self-insured reserve fund is paying those benefits. The Standard Company will manage the investment of those funds.

Appeals – George Sinopoli, Chair:

Joseph Reed - Veterans Home – Denial of admission to the Yountville facility – assigned to Board Member Feldman.

UNFINISHED BUSINESS

Department Balanced Report Card. This report organizes at a high level a series of performance indicators and measures those indicators on how divisions are performing. Debra Lehr, Headquarters Operations Manager, Farm and Home Purchases, reported the division has determined what needs to be measured and is developing tools to measure against the report.

Update of Annual Reports and Projected Budget: John Hanretty, Chief, Finance Division, said the annual report on the department's participation level of contracts with Disabled Veterans Business Enterprises will be prepared over the next couple of months. The department has received a policy letter from the Department of Finance regarding the preparation of next year's budget. The State's budget has not yet passed, but CDVA will have the same amount of money in the current fiscal year as was available last fiscal year. However, it will lose two positions.

The biggest problem in not having the budget passed is our large contractors in rural areas that provide goods and services to the various veterans homes who are not being paid.

NEW BUSINESS

Update on Disabled Veterans Business Enterprise Program. Glen Halsey, Manager of Veterans Services Division, said this would be a huge program which has only recently been assigned to the CDVA. On June 28, 2002, Governor Davis issued a press release saying he was not pleased with how the program was being handled in the Department of General Services and had it transferred to CDVA. The department will be trying to get more than 800 DVBEs certified. He said he expects to be able to give a more comprehensive report in 60 to 90 days. It may be necessary to establish and/or amend some policies in connection with the program. There will be outreach to other state agencies and communities.

Inspector General Jerry Hansen reported that his office continues to work with all the Veterans Homes, the Farm and Home Purchases Division and the Veterans Services Division in resolving issues brought to its attention. The office also provides ongoing assistance to the Veterans Board regarding policies, procedures and other issues. They operate a toll-free information center for the state to service 2.6 million veterans and their families. They try to answer all questions, regardless of whether they relate specifically to the State of California. They get many questions relating to programs offered by the U. S. Department of Veterans Affairs and they do their best to answer them or refer the caller to the proper source.

There being no further business before the Board, Chairman Sinopoli adjourned the meeting at 3:23 p.m.

**CALIFORNIA VETERANS BOARD
MINUTES OF GENERAL SESSION #648
Saturday, August 3, 2002 – 9:00 AM
VFW Post 9650, Anderson, California**

GENERAL SESSION:

The California Veterans Board (CVB) monthly public meeting was called to order at 9:00 AM. Board members present included Chairman George Sinopoli (Fresno), Vice Chairman Edward Feldman (Westlake Village), Members Jerry Basconcillo (Delano), Judy Gaze (San Diego), Larry Lattman (California Veterans Home in Yountville) and Leo Burke (Stockton).

Presentation of the Colors was performed by the VFW Color Guard. The leader of the Color Guard led the assembly in the Pledge of Allegiance. H. D. Christensen presented the invocation.

Chairman Sinopoli welcomed the members of the audience and introduced the members of the Board; Joe Maguire, Legal Counsel to the Board and CVB Executive Officer Earl Steck. Chairman Sinopoli introduced Molly Wilson, Supervisor for Shasta County and State Senator Maurice Johannessen. The following resolution honoring Sen. Johannessen was read into the record:

**Resolution
California Veterans Board**

Whereas, Sen. K. Maurice Johannessen, R-Redding, was born in Oslo, Norway and immigrated to the United States in 1952; and

Whereas, Sen. Johannessen served his new country in the United States Army during the Korean War Era; and

Whereas, following his honorable discharge, Sen. Johannessen settled in Shasta County, entered the real estate profession, and eventually founded his own firm; and

Whereas, now serving his third term in the Senate, Sen. Johannessen was chosen by the electorate in a special election to represent the people of the 4th Senate District in November 1993; and

Whereas, Sen. Johannessen, chair of the Senate Veterans Affairs Committee, authored during his tour of duty under the Golden Dome a total of 38 veterans bills and resolutions; and

Whereas, those bills included, but were not limited to, **Senate Concurrent Resolution 30**—authored during the 1993-94 legislative session—which designated a specified bridge on State Highway Route 19 at the city of Yountville as the Veterans' Home Memorial Bridge; **Senate Bill 1470**—authored during the 1995-96 legislative session—which increased the oversight role of the California Veterans Board over the California Department of Veterans Affairs; **Senate Bill 355**—authored during the 1997-98 legislative session—which required a study by the California Department of Veterans Affairs on the special needs for veterans residing in state veterans homes suffering from Alzheimer's; **Senate Bill 1234**—authored during the 2001-02 legislative session—on of a four bill package which states intent to construct five new state veterans homes and provides funding for renovation work at the Veterans Home of California in Yountville.

Now, Therefore, Be it Resolved, by the California Veterans Board, that we show our deep appreciation to Senator K. Maurice Johannessen for his extraordinary accomplishments and contributions to the State of California and extend our best wishes to the Senator, his wife Marianne, and their three sons, one daughter, and nine grandchildren.

**Approved by the California Veterans Board
Subscribed this 3rd day of August, 2002**

Sen. Johannessen thanked the Board and said serving the veterans of California was a “labor of love.”

Undersecretary Tom Kraus, on behalf of Secretary Bruce Thiesen and the California Department of Veterans Affairs, presented another resolution to Sen. Johannessen honoring him for his tireless and selfless efforts on behalf of the veterans of California.

Sen. Johannessen thanked Mr. Kraus and the department and said there is nothing more important than establishing veterans homes throughout California and providing for those veterans with Alzheimer’s disease and other forms of dementia.

Mr. Krause introduced personnel from the California Department of Veterans Affairs (CDVA), to include Glen Halsey, Chief of Veterans Services Division; Joe Maguire, Deputy Secretary for Legal Affairs; Jerry Hansen, Inspector General; John Hanretty, Chief, Finance Division; and Debra Lehr and Glen Rimbey, Farm and Home Purchases Division.

The audience introduced themselves.

Chairman Sinopoli said he was pleased to see so many people in attendance including Sen. Johannessen and the Department Commander and Department President of the VFW.

MOTION passed to approve minutes from the CVB meetings of July 12 and 13, 2002.

REPORT FROM BOARD MEMBERS ON ACTIVITIES FOR JULY:

Member Larry Lattman reported attending the CVB monthly meeting in Thousand Oaks in July and the Korean War Memorial dedication.

Member Leo Burke reported he attended the Board meeting in July and met with staff of the Farm and Home Purchases Division and others regarding the new contract for life and disability coverage in connection with the Cal-Vet loan program.

Member Jerry Basconcillo reported attending the Board meeting in July, an installation for The American Legion, a meeting of Philippine veterans and a U. S. Air Force event in Los Angeles.

Member Ed Feldman attended the CVB monthly meeting in Thousand Oaks, a celebration of the recognition of veterans of the Korean War and a reunion of his comrades-in-arms from Khe Sanh USMC base in Vietnam. The reunion trip was in Dallas, Texas and it was at not cost to the State or California Veterans Board

Member Judy Gaze she had been on vacation and had been excused from the July CVB meeting. During her vacation, she visited the D-Day beaches in Normandy and the cemetery at Omaha Beach. She also met with Senator Knight and staff from Farm and Home Purchases Division in a conference call.

Chairman Sinopoli reported attending CVB meeting in July, attended a meeting in Fresno concerning a site for a new veterans home, attended the Philippine celebration in Delano and attended an installation at The American Legion, 15th District.

REPORTS:

(Status of CDVA Division / Select Cal Vet Board (CVB) Committees / Special)

VETERANS HOMES OF CALIFORNIA, CDVA DIVISION: Undersecretary Kraus reported on the three existing veterans homes.

Barstow Veterans Home – There were 239 residents as of August 3, 2002, 88 of who are in the Skilled Nursing Facility. Recreational activities for residents included a baseball game at Dodger Stadium, the Blue Jay Jazz Festival, the Redlands Music Festival, the performance of the University of Seoul at East Los Angeles College and many lunch and shopping trips. Seventy-five students from the University of Seoul toured from Monterey to San Diego and visited the homes at Yountville and Chula Vista. On July 27, 60 residents were presented with commemorative “Medals of Appreciation” provided by the Korean American Cultural Foundation to honor the sacrifices made during the Korean War.

Yountville Veterans Home –The Yountville Home had 1,087 residents at the end of July, of which 2 are in acute care and 275 in skilled nursing. Portions of the home are being renovated. Some of the buildings are 120 years old. A birthday party to celebrate resident Homer Fisher’s 103rd birthday will be held on August 10. The American Legion has several events planned including a golf tournament and a baseball tournament. The Pacific Bell Telephone Pioneers will host games for residents at the Main Picnic Grounds on August 13 and 14; volunteers from Travis Air Force Base will visit and escort residents to a lunch on August 16; and a picnic hosted by the Alameda Elks is scheduled on August 24.

Chula Vista Veterans Home – At the end of July, there were 215 residents, of whom 15 are in the Skilled Nursing Facility. The domiciliary unit and the residential care for the elderly unit are fully occupied. The Department of Health Services performed the Medicare Certification Survey in June and it was completed with a successful Medicare Certification on July 19, 2002. Licensed beds in the Skilled Nursing Facility have been increased to 60 beds and will be incrementally increased to 180 beds as staffing is available. The home presently has 154 on-duty personnel. Recruitment of nurses and pharmacists continues to be difficult, but community support is very positive in terms of donations and media exposure.

VETERANS HOMES CALIFORNIA, CVB Committee, Larry Lattman. Mr. Lattman said he had met with Allied Counsel coordinators at Barstow and Chula Vista and complimented the department for including residents in the decision-making processes.

Member Feldman provided an update on a pilot program involving physicians from L.A. hospitals and UCLA updating their skills to address health problems that exist in the homes. It will be an ongoing program that will identify the areas of health concerns of the older veterans who reside in the homes and

will be expanded to include other schools and hospitals. There will be little impact on the department's budget and will greatly benefit veterans.

FARM AND HOME PURCHASES, CDVA DIVISION – Debra Lehr, Headquarters Operations Manager, reported that the Division had funded 98 new loans during July. She mentioned SB 1893, introduced by Sen. Johannessen on behalf of the department. This bill would increase the maximum Cal-Vet home loan from \$250,000 to the Fannie Mae maximum loan limit for single-family homes, current \$300,700. Ms. Lehr said the Division is committed to customer service and has made improvements to its internet and telephone services. She mentioned that a recommendation on a new contract for life and disability insurance in connection with the Cal-Vet loan program had been presented to the Board at its meeting on Friday, August 12.

FARM AND HOME PURCHASES, CVB Committee, Judy Gaze: Board Member Gaze said everyone was very anxious for the passage of SB 1893, which will enable veterans in more costly areas to be able to use their Cal-Vet benefit. She said the Division had received some excellent bids on the life and disability coverage for the Cal-Vet portfolio. She said the full Board had been briefed on the two best bids the previous day and had heard the recommendation of the selection to endorse the bid from The Standard Company that will provide improvements in coverage at no higher costs to most veterans and at a savings to the department. The only increase in cost to veterans would be under an optional program for life-of-loan disability coverage. Ms. Gaze moved that the Board endorse the choice of The Standard Company to provide life and disability coverage for the Cal-Vet loan program.

MOTION passed to approve the recommendation of the Evaluation Committee to award the contract for life and disability coverage for the Cal-Vet loan program to The Standard Company.

VETERANS SERVICES DIVISION – Division Chief Glen Halsey said the cooperation of the California Department of Veterans Affairs with the County Veterans Services Offices is extremely important. The CVSOs provide services to veterans in the field that would be difficult to match. It is important to keep the working relationship among the service officers in the veterans' organizations, the CVSOs, and the State's Veterans Services Division. The Veterans Services staff has attended the San Diego Stand Down on July 12-14; the National Coalition for Homeless Veterans National Stand Down Conference, July 16-17 in San Diego; and the Southern California VEC Meeting, July 19 in Camarillo. The Division is attending and supporting all Stand Downs throughout the state. He reported a special event at the California State Fair on August 20 honoring police officers, firefighters and veterans. Every veteran who wears a uniform cap will be admitted to the fair free of charge.

According to the Department of Motor Vehicles, during June and July, 564 new veterans license plates were purchased. July's total is 50 more than was reported in the previous year. The money from the plates helps to support the County Veterans Service Offices.

As of July 31, 2002, the Disabled Veterans Business Enterprise (DVBE) Program joined the department as one of the Veterans Services Division's programs and benefits. One current CDVA position and two positions transferred from the Department of General Services will be responsible for the development, advocacy and outreach of the DVBE Program to the veteran community in order to meet and exceed the State's 3% DVBE participation goal. Mr. Halsey said this program is completely new to the CDVA, having previously been administered by the Department of General Services, and he hoped to provide a more detailed report and marketing plan at the Board's meeting in San Diego in October.

VETERANS SERVICES, CVB Committee, Veterans Services, Jerry Basconcillo: Mr. Basconcillo thanked Mr. Halsey for his report and asked all veterans and veterans organizations to support the Stand Downs in their respective areas.

POLICY AND PROCEDURES, CVB Committee, Edward Feldman: Dr. Feldman said the Board Policy Manual is being updated to ensure that it is in conformance with both state and federal laws and regulations governing the department and its programs. The various divisions of the department are contributing their expertise. There will be a special meeting of Board Members in September and it is the goal to have a comprehensive document to guide the department in the administration of benefits and services for veterans.

CONTRACT MANAGEMENT, CDVA - John Hanretty, Chief Finance Division, said the Board policy requires that a request for proposal or an invitation for bid in excess of \$250,000 be brought to the Board for review prior to release. He said there were no contracts to report at this time.

CONTRACT MANAGEMENT, CVB Committee, Jerry Basconcillo. Mr. Basconcillo reported on an Invitation for Proposal in connection with the veteran's home at Yountville and improvements needed.

MOTION passed to approve the IFP for Yountville improvements.

LEGISLATIVE AFFAIRS, CDVA – Jerry Jones, Chief of Legislative and Public Affairs, was not in attendance.

LEGISLATIVE AFFAIRS, CVB Committee, Leo Burke. Mr. Burke thanked Sen. Johannessen for the work he has done on behalf of veterans and mentioned that The American Legion had presented the Senator with its most prestigious award for his service to veterans. Mr. Burke said the Legislative Affairs Committee had reviewed the following bills:

AB 612 (Mountjoy) – Would extend the time period for the receipt of absentee ballots of active military personnel stationed overseas.

AB 1965 (Bogh/Chavez) – Would extend the waiver of tuition and fees at state universities and colleges to recipients of a Medal of Honor and to children of recipients of the medal.

AB 2428 (Correa) – Would extend the definition of veteran to include certain members of the reserves or National Guard called to active duty to engage in homeland defense.

AB 2508 (Dickerson) – Remembrance memorial for Korean War veterans.

ACR 221 (Nakano) – Would recognize and honor Nisei World War II veterans of heroic service during World War II.

ACR 233 (Bogh/Chavez) – Would recognize and commend the bravery and selflessness of the Medal of Honor recipients of California.

AJR 50 (Dickerson) – Would request federal legislation to establish a partnership with the state to use local county veterans service officers to assist the USDVA in eliminating the veterans claims processing backlog.

SB 569 (Morrow) – Would provide for payment of state salaries to those called into active military duty.

SB 1251 (Johannessen) – Would remove obsolete references from the California Military and Veterans Code.

SB 1470 (Johannessen) – California National Guard Military Museum.

MOTION: Board voted to support all bills recommended.

ANNUAL REPORT, CVB Committee, Jerry Basconcillo: Mr. Basconcillo said the annual report due to the Legislature in October will be completed and submitted on time, 3ed draft was provided for review.

RECOGNITION AND AWARDS, CVB Committee, George Sinopoli: Chairman Sinopoli asked John Peterson to come forward. On behalf of the California Veterans Board, Chairman Sinopoli presented a plaque recognizing the service of VFW Post 9650, Anderson, to the veterans of California. Mr. Peterson thanked the Board for this recognition and for meeting in the Redding area.

APPEALS, CVB Committee, George Sinopoli: Chairman Sinopoli assigned the appeal of Joseph Reed to Dr. Feldman. Mr. Reed is appealing the denial of his entry into the Veterans Home at Yountville.

Regarding the appeal of Daniel Solorzano, Mr. Basconcillo recommended that the denial of educational fee waiver be upheld because the income limitation had not been met. There was some discussion, after which Chairman Sinopoli explained that he had appointed a committee to look into the matter of so many denials of tuition and fee waivers. One problem is that children of disabled veterans quit school for a period of time to earn enough money to afford school and are then being denied waiver of tuition or fees due to the income limitations. The committee will look into the matter and make recommendations for changes in the code so that fewer children of disabled veterans will be denied this benefit.

Sen. Johannessen said that he understands the issue. It is late in this legislative session, but there might be a bill that could be amended to alleviate this situation. It was decided not to move on the educational fee waiver appeals at this meeting.

Board Member Judy Gaze reported on the appeal of Douglas Wallis. Mr. Wallis is appealing a denial of insurance coverage for a claim of loss in connection with his Cal-Vet loan. Mr. Wallis maintains that a roof leak in 1996 caused damage to wallpaper. An investigator for the department disagrees with Mr. Wallis and says the damage is a chemical stain of some kind not covered by fire insurance. Ms. Gaze says she wishes to look further into the matter and will report at the September meeting.

LEGAL DIVISION, Joseph Maguire, Deputy Secretary / Chief Counsel: The Legal Division is working on 168 cases. Several cases involve insurance claims for mold. They are litigating cases involving the Quakenbush administration of the Department of Insurance, where veterans believe certain rulings on insurance also apply to the department. Attorneys from the department are meeting with members of the veterans homes regarding unreimbursed cost of care. It has been determined that the department has the authority to pay off home loans for veterans who are totally disabled and receiving life-of-loan disability benefits. Other issues include compressed work weeks and reasonable accommodation. They have been working with the Bond Finance Division and now have bond counsel back on board which is very important in administering the bond portfolio. The Legal Division is involved in many areas throughout the department and is extremely busy, especially since they are short one attorney.

CDVA MARKETING: Ron Brand, Manager of the Marketing Unit, was not in attendance.

INSPECTOR GENERAL, Jerry Hansen: Mr. Hansen said he had held the position of Inspector General for the department for two and a half years. His office reviews all the operations of the department and operates a toll-free information center for the state to service 2.6 million veterans and their families. His office also provides assistance to the State Military Department because of Governor Davis' concern about support to all California veterans. They have a heavy workload because of access

through the website and e-mail. They try to answer all questions and address all concerns in a timely manner, but it becomes difficult with limited staff.

PUBLIC COMMENT – THREE MINUTE LIMIT:

(Board Policy Prohibits Response from Board Members)

John Fitzke, former Commander of the VFW and former Member of the Board, asked about the interest rates on Cal-Vet loans. He commented that many of the older loans are interest rates higher than those presently being offered and asked if there was a plan to lower the rates on older loans. He also asked about a proposal to take \$500,000 from the Cal-Vet fund for a study about homeless veterans.

David Grafft, Consultant for the Senate Committee on Veterans Affairs, said that AB 748 (Chavez) is the bill that proposes to appropriate \$500,000 to the Office of the Inspector General to conduct a study of the Farm and Home Purchases Division and report on the status of the fund and the program and make recommendations as to how moneys in the fund might be used to provide housing for homeless veterans.

UNFINISHED AND NEW BUSINESS:

Board Member Leo Burke thanked Governor Davis, Sen. Johannessen and other legislators on both sides of the aisle for their support of Secretary of Veterans Affairs Bruce Thiesen and his outstanding staff.

Budget Report. John Hanretty, Chief of the Finance Division, said the department's budget for the current fiscal year is in limbo pending passage of the state budget. There is presently no operating budget. The proposed budget being considered is at the same level as last year's budget, minus two positions. Farm and Home Division is a continually appropriated fund, so they continue to operate as they have in the past. There could be cuts to the department's budget prior to the state budget being passed. Questions remain regarding vacant positions and whether they will be abolished. There is also the risk of the loss of contractors because of the inability to pay them. These include medical providers, prescription providers and food providers at the veterans homes. This is a particular problem in rural areas. He said the department has been asked to hold its budget for the next fiscal year at the same level as this year. The major problems faced with no increase in next year's budget is hiring and retaining medical personnel.

Chairman Sinopoli asked Board Member Feldman to report on Select Committee action.

Dr. Feldman made a motion that the State Senate confirm the appointment of Secretary of Veterans Affairs Bruce Thiesen. He said the Board members agree that Secretary Thiesen has done an excellent job in taking over the administration of the department and has appointed fine people to serve the veterans of California.

MOTION: The Board voted unanimously to request the confirmation of Bruce Thiesen as Secretary of the California Department of Veterans Affairs.

FUTURE MEETING DATES AND LOCATIONS:

All meetings take place on Friday and Saturday unless notified.

Chairman Sinopoli announced a change in the meeting location in September. The Board will meet in Sacramento in order to meet with staff from the department and review and amend the Board Policy Book. He further announced the meeting dates in November have been changed to November 15 and 16. He asked if there were any questions or comments by Board Members. There were none and the changes were made to the schedule.

Sept 13-14 Sacramento
Oct 4-5 San Diego
Nov 15-16 Fresno Area (Clovis)
Dec 6-7 Vet Home of Cal. In Yountville

Yearly schedule is posted on web site: www.cdva.ca.gov/board

CLOSING REMARKS: Chairman Sinopoli asked if there was any further business to come before the Board. There was no response and the meeting was adjourned.

CLOSED SESSION (if necessary or required)

The general reason or reasons for a closed session, and the specific statutory authority therefore, are (1) to consider the appointment or employment of a public employee under the authority of Section 11126(a) of the Government Code; and (2) to confer with or receive advice from the Board's legal counsel regarding pending litigation under the authority of Section 11126(E)(2)(A), (2)(B), and (3) of the Government Code.

- There being no further business to discuss the meeting was adjourned at 3:22 PM.
- These minutes are only a summary of the proceeding and are not reported here verbatim.
- These minutes are posted to the California Department of Veterans Affairs on-line website at www.cdva.ca.gov/board

ADJOURNED 10:42 AM

NOTE: A public meeting of the following Select Committees was held on Friday August 2, 2002 at 2 p.m. in VFW Post 9650 meeting room, Anderson, CA The following topics discussed: Annual Report, Appeals, Contract Review, Farm and Home, Legislation, Policy and Procedures, Recognition and Awards, Veterans Homes, and Veterans Services.